

Power Plants

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Dalton: Though, I think [there was a Harvard study](#) that questioned whether that will really reduce reductions, reduce CO2 compared to the Obama Clean Power Plan, which I think that's trying to replace.

Wheeler: Well, you got to remember the Obama Clean Power Plan never took effect. It was stayed by the Supreme Court because, in my opinion, it went outside of the Clean Air Act. It's really hard to compare apples and oranges when you have a regulation that was never implemented outside the jurisdiction of the agency and the outside of the authority of the Clean Air Act versus a proposed regulation that follows the law, follows the Supreme Court precedents, and will reduce CO2.

How Far Does EPA's Authority Go?

Dalton: Coal production, coal capacity in the United States is down about a third from 2010. Banks, insurance companies, hedge funds are all moving away from coal, as you well know. Do you really think that that easing regulations on coal will help bring back an industry that's in decline for lots of reasons?

Wheeler: I think the important thing here is that we're not tipping the scales. The Obama Administration tipped the scales away from coal. It's not the job of the EPA, the authority of the EPA to pick winners and losers between the different fuel sources. That would be either Department of Energy or FERC, or even more likely, the state PUCs. Our job is to set the regulations that govern the industry, and that's what we're doing, and it's, and we believe we have a responsible regulation that will reduce CO2 in the electrical power segment, following both the Clean Air Act and the Massachusetts versus EPA decision..

Clean Car Standards

Dalton: [W]e're here talking at a Bloomberg Conference on Mobility. A lot of talk about the California waiver clean car standards. California and the federal government are kind of at a deadlock there. How's that gonna play out?

Wheeler: Well, hopefully we can end up with something as a regulation that California likes and can agree with, but California's only looking at it as one policy issue and that is energy efficiency. The Trump Administration, the federal government, we're looking at more than just one policy issue, including highway safety, lives saved. Our proposal will save 1,000 lives per year over and above the Obama proposal.

Dalton: Is that because of bigger cars? what's the basis for that?

Wheeler: It's older cars. Right now, people are keeping their cars longer because the high price of cars. The average lifespan for a car on the on the road, the average age of a car on the road, today is 12 years used to be eight years. People are holding onto their cars longer. When you buy a new car, you buy a more energy efficient car, you buy a safer car, and what we're trying to do with our CAFE proposal is bring down the cost of a new car, which would bring us down around \$2,300 per car on average. That will incentivize more people to buy newer, safer, more energy efficient cars.

Dalton: The cars, they get better gas mileage cost less to operate over the lifetime of that car. People who have more fuel efficient cars spend less on gas, so isn't that also saving Americans money if they have more efficient cars?

Wheeler: If they actually buy the newer cars. As we've seen over the last 10 years, people aren't buying the newer cars. Part of that is the Obama Administration looked at some faulty, we believe, looked at some faulty consumer profiling information as far as what people want to buy, what people were purchasing today, and right now electric cars make up about two percent of the sales. In order to completely comply with the Obama CAFE standards by 2025, you'd have to jumpstart the electric cars up to 30 percent. We just don't know that the data we've seen about what the American public wants to buy, what they're interested in buying doesn't match that.

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Dalton: They also have said that they don't want to roll back of the auto emission standards. Ford has come out and said that. Other auto companies and said, "We want certainty. It's not good for industry, for the federal government and California to fight it out in court," and they don't know who's gonna win. So what about the voice of industry here who saying, "Hey, we want some clarity," which is what they always want?

Wheeler: Well, industry came to us the beginning of this administration and said that they can't meet the Obama standards going forward. Right now, they're not. If you look at the 2016 data, they paid \$77,000,000 in penalties because they did not meet the 2016 Obama CAFE standard, and that amount is supposed to increase dramatically over the next 10 years.

Dalton: Right. So how does this play out? Do you think that ended up in court, or is there going to be kind of a deal where either California gets those standards? California often drives national standards. That's been the history.

Wheeler: True. What we're looking at though is on the energy efficient CO2 side. We aren't taking away California's ability to set standards for the health based emissions from automobiles. That's very important. All we're looking at are the energy efficiency standards, not the health based standards. California has driven development of standards over the years, but we're trying to set a standard for the entire country.

Carbon Tax

Dalton: There's legislation in Congress now. Pricing carbon pollution is now on the table. Again, it hasn't been that way for about 10 years or so. There's something called the Carbon Dividend Plan that was co-authored by James Baker, George Shultz and supported by one of your predecessors, Christine Todd Whitman, as well as Rob Walton, the scion of the of the Walmart family, Ben Bernanke, also corporations, ExxonMobil, Shell, BP, Excellon, AT&T. This is the corporate and political establishment. What do you think of that plan?

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Forest Management and Fire in California

Dalton: And what is the way, if you say climate change is an eight or a nine, I heard you talk about the clean energy plan. What are the other ways to tackle climate change? Because we're seeing storms, fires and deaths in California. Storms are more severe, Houston, etc. It's getting very expensive.

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Wheeler: [...] As far as the California fires, and this is a topic that I got into in my confirmation. I

believe the unofficial name is Little Hoover Institute here in California. The draft of the report based upon the fires, and they blame the, the forest management practices of the last hundred years more than climate change. I think it's important not to lose sight of that aspect because we really do need to have better forest management in order to stop the wild destructive fires that we've seen in recent years.

TRANSCRIPT PRE-CUTS as of 2/18

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Dalton: There was an effort to require utilities to stockpile a bunch of coal, which even the Federal Energy Regulatory Commission didn't go there. That seems like a pretty clear effort to help coal by requiring power plants to stockpile coal.

Wheeler: That is outside of the authority of the EPA, and I know the Department of Energy and FERC were looking into those issues. As far as their authorities are concerned, I think it's important to make sure that we have a balance of fuel sources in order to make sure that we have electric power for everyone across the country. But again, that's not the role of the EPA. Under the Obama Administration, the EPA really took that on as their role, which is not what the pavers set up to do.

Dalton: Some people said to me that it's really Texas frackers that hurt coal because it's cheap natural gas had hurt coal more than the Sierra Club or Obama. Do you think there's some truth in that? The Texas frackers really hurt coal?

Wheeler: There might be some truth to that, but if you have a coal fire power plant, and you're trying to make a decision whether or not to put on additional equipment or shut it down, that's a big driver for the future of coal. I don't think you're going to look at, "Natural gas is cheap, so I'm gonna go ahead and shut down a functioning coal fire power plant just because natural gas is cheap." You don't make that decision until you have an onslaught of new regulations like we did under the Obama Administration to force those decisions to be made.

Dalton: President Trump ran largely on helping coal, a coal country, coal miners. The Black Lung Disability Trust Fund is running out of money. Mitch McConnell said that it wasn't going to happen. Do you know if he's going to bring that to a vote? Because there's a tax about a dollar a ton per coal to help coal miners when they get sick later in life, whereas-

Wheeler: I don't know where that is. That's not part of EPA mission and that's not within our agency.

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Dalton: Here at this conference, we've heard Audi and other companies touting about how there's going to be more EVs coming to market, and there was a poll taken at the audience here, and policy was a tiny part of what they thought would shape the future direction of the auto industry. The the top winners were really business models and consumer preferences, so it's not, according to this audience here, it's not policy driving the market.

Wheeler: Well, the Obama Administration tried to use policy to drive the market. We're not. We're, we're looking at the consumer data. We're looking at the same thing that the automobile manufacturers are looking at as far as what people want to buy, but what we're trying to do is set a standard that will save lives, bring down the cost of a new car. There's a lot of automakers who really like the idea of bringing down the cost of a new car \$2,300 and getting more new cars sold.

Dalton: They also have said that they don't want to roll back of the auto emission standards. Ford has come out and said that. Other auto companies and said, "We want certainty. It's not good for industry, for the federal government and California to fight it out in court," and they don't know who's gonna win. So what about the voice of industry here who saying, "Hey, we want some clarity," which is what they always want?

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Wheeler: Well, if the goal of the plan is to set a carbon tax -

Dalton: They call it a fee and dividend. Give money back to the people.

Wheeler: I've never seen a fee and dividend that actually gives 100 percent of the money back to the American public.

Dalton: They say this would be-

Wheeler: A carbon tax is one of the most regressive taxes you can put on the American public because lower income people, people on a fixed income, end up paying more of a percentage of their income. Well first of all, they paid more of a percentage of their income for energy today than people upper brackets, so it really does hurt lower income people, people on a fixed budget, and it's not just- I know they're talking about paying dividends back to people so they have a rebate for their gasoline or a rebate for their home heating and air conditioning, but what about the dividends to make up for the increased price on goods from the small businesses, from the restaurants, they go to? From the local McDonald's where they're paying more for their electricity? It's a regressive form of taxation. It may be economically one of the easier ways of addressing CO2, but it's really harmful to low income people.

Dalton: The backers say that most people, Americans would come out ahead. They would get more back from the plan than they would paying forward, which is why-

Wheeler: I think they're looking at the indirect costs that people pay for energy costs when it's increased prices on goods and services and what they paid, not just for their own heating and

cooling bills with what they pay at the gas pump.

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Wheeler: It is a global issue. It's a global problem that needs to be addressed globally but not through a mechanism such as the Paris Climate Accord, which is really unfair to the United States, United States manufacturers, and United States citizens compared to the people who live in China or India or other countries. If you're going to address it, it has to be done globally. But also equally important is looking at adaptation and making sure that when a natural disaster strikes that we rebuild in order to sustain a larger storm surge. Things like that are very important.

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Dalton: There's forest management. I've interviewed some of the firefighters it's high winds, hot temperatures, a lot of fuel, low precipitation, lots of things kind of combined, no single factor.

Wheeler: But we can't say that this was just because of climate change, which a number of people try to do.

Dalton: Sure. But would you say that it's amplified or turbo charged by, but not caused by? Any one of Barry Bond's home runs-

Wheeler: How do you define turbo charge? It's a factor.

Dalton: Right? We say here in San Francisco that we know that you can't attribute any one of Barry Bonds home runs to juicing, but we know that some of those 750 home runs wouldn't have happened without steroids. Last word in terms of, going forward, do you feel a sense of urgency on climate change or is this something that technology will solve and we have time to work on?

Wheeler: I have a lot of faith in technology. When I said at my hearing that climate change is not the biggest crisis we faced worldwide on the environmental side, I think our biggest crisis is on water and potable water, and the fact that we have a million children and people dying each year from lack of sanitary ...

Dalton: Clean drinking water.

Wheeler: Clean drinking water. Right, exactly. I think that is a huge crisis. If we spent a fraction of what we're spending on climate change to provide those people with safe drinking water. We'd be saving a million lives a year. that is a crisis today.